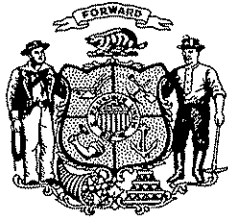


STATE OF WISCONSIN

SENATE CHAIR
MARK MILLER

317 East, State Capitol
P.O. Box 7882
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Phone: (608) 266-9170



ASSEMBLY CHAIR
MARK POCAN

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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Mark Miller
Representative Mark Pocan

Date: January 19, 2010

Re: Department of Children and Families Monthly Report on the
Wisconsin Shares Program

Attached is a report on Wisconsin Shares Program from the Department of Children and Families.

The report is being provided at the request of the Co-Chairs to review progress on fraud prevention and investigation and on overpayment collections. The Co-Chairs requested the report be submitted to the Committee by the 15th day of each month.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

MM:MP;jm

Jim Doyle
Governor

Reggie Bicha
Secretary



State of Wisconsin
Department of Children and Families

201 East Washington Avenue, Room G200
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January 15, 2010

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JAN 19 2010

BY: St. Finance

Honorable Mark Miller, Senate Co-Chair
Joint Committee on Finance
Room 317 East, State Capitol
Madison, WI 53702

Honorable Mark Pocan, Assembly Co-Chair
Joint Committee on Finance
Room 309 East, State Capitol
Madison, WI 53702

Dear Senator Miller and Representative Pocan:

Pursuant to your request for monthly reports to the Joint Committee on Finance on the Department of Children and Families' (DCF) progress on fraud prevention and investigation and overpayments related to the Wisconsin Shares program, the Department submits its third monthly report covering December 2009 activities.

The Department continues to take aggressive action to eliminate fraud in the Wisconsin Shares program. We have identified anomalies in provider payment patterns and behavior that suggests the potential for program violations and then acted swiftly. The Department is using licensing records to identify patterns of inaccurate attendance reporting and we are connecting information from a variety of sources to identify fraudulent behavior. In the past three months, the Department has suspended providers that were referred by law enforcement, parents, and current and former employees of fraudulent providers.

The Department is further investigating each case by analyzing attendance records to identify examples of suspicious attendance records and overpayments based on inaccurately reported hours. Our investigators are verifying that hours reported by employees with children enrolled at a program matched those hours that their children attended. We are comparing Unemployment Insurance records, which reflect paid wages, to the hours of work reported by employees to claim Shares eligibility and other state programs. We are also working closely with the Department of Revenue and requesting tax records of suspected fraudulent providers to ensure that income from the Shares program was reported to the Department of Revenue in an accurate and timely way.

Wisconsin Shares Fraud Prevention, Detection and Recovery Expenditures, December 2009

Expenditures related to fraud prevention and investigation: \$118,000

The above amount represents the December 2009 costs of the Child Care Program Integrity Unit (fraud detection and investigation); information technology programming costs for conducting data matches and analysis; and an estimate of the child care/TANF portion of costs related to state public assistance fraud and program integrity staff. Because counties have up to one month to submit their costs on Wisconsin Shares fraud prevention, detection and recovery, these expenditures are not yet available for December.

Expenditures related to recovering overpayments due to error or fraud: \$43,200

The December 2009 expenditures related to recovering overpayments due to error or fraud are estimated above. The Public Assistance Collections Unit (PACU) of DCF coordinates the Department's efforts to collect public assistance overpayments, including Wisconsin Shares, which are attributed to participant error or fraud.

Overpayment and/or restitution collected by DCF: \$92,094

In December, DCF collected \$51,939 in child care overpayments that were the responsibility of the individual for whom the child care subsidy was paid and \$40,155 in child care overpayments that were the responsibility of child care providers. These collections are the result of ongoing efforts to recover historical overpayments. Most collections to date are due to DCF as a result of an administrative finding that an overpayment has occurred.

Overpayment and/or restitution collected by other agencies: \$0

We are not aware of overpayments and/or restitution collected by other agencies in December 2009. DCF's PACU is the primary collection agency for public assistance overpayment and has access to a broader range of collection tools, notably including interception of tax refunds and administrative liens and levies.

Providers Suspended from the Wisconsin Shares Program, December 2009

During the month of December, DCF suspended payments to six child care providers. Due to the holiday period in December, we anticipate activity increasing again in January. As requested, enclosed is the list of providers suspended from the Wisconsin Shares program based on reasonable suspicion of fraud, pending felony charges substantially related to the care of children, or conviction substantially related to the operation of a business.

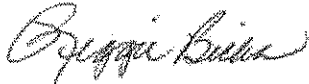
Of the six suspended providers, all were in Milwaukee County. The circumstances surrounding the suspension of each of the six providers in Milwaukee County described here have been reviewed with the Child Care Anti-Fraud Task Force, which includes representation from multiple law enforcement agencies.

Senator Mark Miller
Representative Mark Pocan
January 15, 2010
Page 3

In calendar year 2009 (January – December) the total amount of overpayments established for all suspended providers is \$2,218,822.61.

I appreciate your continued attention to these important issues and look forward to ongoing communication on our progress in our efforts to restore the Wisconsin Shares program to its noble intended purpose.

Sincerely,

A handwritten signature in cursive script, appearing to read "Reggie Bicha".

Reggie Bicha
Secretary

Enclosure

cc: Secretary Michael Morgan, Department of Administration
Bob Lang, Legislative Fiscal Bureau

**Wisconsin Shares Provider Suspensions
December 2009**

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped?	Overpayment Established	Referred to Law Enforcement	Collection
A Place for Miracles Child Care Inc	Milwaukee	12/05/2009	The Department of Children and Families (DCF) suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through quantitative data showing the provider billed for over \$16,150 annually per child and serving 2.47 children per licensed slot. In reviewing the provider's attendance records, significant inaccuracies resulting in overbilling for children were found.	Yes	12/16/2009 \$5,273.42	Yes	None to date
Akira's Child Care Family	Milwaukee	12/12/2009	DCF suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through quantitative data showing the provider billed for over \$19,550 annually per child and serving 2.5 children per licensed slot. In reviewing the provider's attendance records, significant inaccuracies resulting in overbilling for children were found including one week where 19 children were billed for even though only 7 were shown as attending.	Yes	12/16/2009 \$2,460.67	Yes	None to date

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped?	Overpayment Established	Referred to Law Enforcement	Collection
All My Children Day Care	Milwaukee	12/5/2009	DCF suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through quantitative data showing the provider billed for over \$18,250 annually per child and serving 3.38 children per licensed slot. In reviewing the provider's attendance records, significant inaccuracies resulting in overbilling for children were found.	Yes	12/16/2009 \$2,098.35	Yes	None to date
Consider It Done Child Dev Center	Milwaukee	12/5/2009	The Department of Children and Families suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through quantitative data showing the provider billed for over \$16,800 annually per child, serving 2.13 children per licensed slot, and billing for 103% of the centers total hours of capacity. Although billing data would indicate that the provider is operating at full capacity from 6:00 am until Midnight, Monday through Friday, Investigators were unable to gain access to the center on two separate occasions in November 2009.	Yes	01/12/2010 \$1,095.09	Yes	None to date

Child Care Provider	County	Suspension Date	Suspension Reason	Payment Stopped?	Overpayment Established	Referred to Law Enforcement	Collection
Home Away from Home Inc	Milwaukee	12/12/2009	DCF suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through quantitative data showing the provider billed for over \$15,800 annually per child and serving 2.75 children per licensed slot. In reviewing the provider's attendance records, significant inaccuracies resulting in overbilling for children were found.	Yes	12/16/2009 \$3,365.46	Yes	None to date
Tigger's Playpen Child Care	Milwaukee	12/05/2009	DCF suspended this child care provider from the Wisconsin Shares program due to a combination of red flags signifying Shares violations. These were identified through quantitative data showing the provider billed for over \$19,600 annually per child and serving 3 children per licensed slot. In reviewing the provider's attendance records, significant inaccuracies resulting in overbilling for children were found.	Yes	12/16/2009 \$8,795.76	Yes	None to date